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FM AMEMBASSY HARARE
TO RUEHC/SECSTATE WASHDC 3848
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHUJA/AMEMBASSY ABUJA 2147
RUEHAR/AMEMBASSY ACCRA 2508
RUEHDS/AMEMBASSY ADDIS ABABA 2631
RUEHRL/AMEMBASSY BERLIN 1124
RUEHBY/AMEMBASSY CANBERRA 1900
RUEHDK/AMEMBASSY DAKAR 2255
RUEHKM/AMEMBASSY KAMPALA 2680
RUEHNR/AMEMBASSY NAIROBI 5108
RHEHAAA/NSC WASHDC
RHMFISS/EUCOM POLAD VAIHINGEN GE
RUEHGV/USMISSION GENEVA 1781
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK
RHEFDIA/DIA WASHDC
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 04 HARARE 001136

AF/S FOR B. WALCH
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN
TREASURY FOR D. PETERS
STATE PASS TO USAID FOR L.DOBINS AND E.LOKEN
COMMERCE FOR BECKY ERKUL

SIPDIS

E.O.12958: N/A
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SUBJECT: ZIM NOTES 12-19-2008

1. SUMMARY

This is the last edition of Zim Notes in 2008. We will resume publication on January 2. Topics of the week:

- Constitutional Amendment 19 Gazetted...
- Allegations of MDC Paramilitary Camps in Botswana Refuted...
- PF ZAPU Reemerges...
- New Attorney General Appointed...
- Shiri Survives Alleged Assassination Attempt...
- Auto Accident Injures Prominent War Vet...
- Still No UNSC Response to Zim Crisis...
- Cholera continues to ravage communities...
- Aussies roll out new sanctions...
- More Abductions and Journalists Threatened...
- Tear Gas in the City...
- Passports Elusive, Pricey, Easy to Forge...
- Back to the Billions...
- Stockbrokers Get Ultimatum...
- \$900 Million Ought to Do It...
- ZESA Exporting Electricity to Namibia?
- ZINWA to Start Billing Some Customers in Forex...

2. Price Movements-Exchange Rate
and Selected products

Parallel rate for cash rose seven-fold for the second consecutive week to Z\$500,000,000:US\$1.

Check rate is steady at Z\$10 quadrillion:US\$1 against inter-bank average of Z\$925,825:US\$1.

Bread on the parallel market rose six-fold to Z\$500,000,000.

Sugar rose fifteen-fold to Z\$1,500,000/2kg.

Petrol and diesel rose six-fold to Z\$100,000,000/liter.

On the Political/Social Front

¶3. Constitutional Amendment 19 Gazetted... On Saturday December 13, constitutional amendment 19 was gazetted (published officially, beginning a 30-day period for public comment), without the consent and agreement of the MDC. The MDC-T vowed to not allow Parliament to vote on the amendment until outstanding issues, including the allocation of ministries and governorships, are resolved. Nonetheless, South African President Kgalema Motlanthe told a press conference on December 17 that he hoped an inclusive government would be in place "this week." MDC Secretary General Tendai Biti responded that he didn't know what Motlanthe was talking about. See Harare 1127.

¶4. Allegations of MDC Paramilitary Camps in Botswana Refuted... SADC confirmed receiving a GOZ dossier on alleged paramilitary camps in Botswana. The MDC has strongly denied the existence of such camps and accused ZANU-PF of using the allegations as a trumped-up pretext for initiating a new violence and intimidation campaign against it. Botswana has also derided the GOZ claims. On Wednesday, South African President Motlanthe told journalists he and SADC disbelieved the allegations.

¶5. PF ZAPU Reemerges... PF ZAPU held a conference in Bulawayo last

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weekend and announced the end of the 1987 Unity Accord. The party elected one-time ZANU-PF Home Affairs Minister Dumiso Dabengwa as its interim president pending a congress next year. ZANU-PF, which still maintains the allegiance of vice president Joseph Msika and ZANU-PF chair John Nkomo, rejected the split and stated that the ZANU-ZAPU alliance continues. Dabengwa has indicated that PF ZAPU will support the MDC in its opposition to ZANU-PF. Ironically, Zimbabweans will still "celebrate" National Unity Day on December 22; the holiday was established in 1997 to commemorate the 1987 accord. See Harare 1131.

¶6. New Attorney General Appointed... President Mugabe appointed Johannes Tomana as Zimbabwe's new Attorney General. The MDC immediately criticized the appointment as evidence of bad faith on the part of ZANU-PF in implementing the September Global Political Agreement. According to the Agreement, all senior government appointments should be made as a result of agreement between the President and Prime Minister. The new Attorney General replaces acting AG Justice Bharat Patel who assumed his interim position after the dismissal of Sobusa Gula-Ndebele, who reportedly performed his job in an independent manner. Tomana has been a strong ZANU-PF supporter. As deputy attorney general, he advised the government in the run-up to the June election that it was legal to detain MDC officials and supporters without trial, and he ordered magistrates to deny bail in all political violence cases.

¶7. Shiri Survives Alleged Assassination Attempt... Air Force Marshall Perence Shiri was reportedly shot in the arm when his vehicle was attacked on December 13 near his farm in Shamva. The Government described the alleged assassination attempt as evidence of a "build-up of terror attacks targeting high-profile persons." Three Bindura MDC councilors have allegedly been arrested in connection with the shooting, although none have been charged or granted access to legal council. See Harare 1128.

¶8. Auto Accident Injures Prominent War Vet... According to The Herald, Vice President of the Zimbabwe National Liberation War Veterans' Association, Joseph Chinotimba, was involved in a car accident in Harare last week and is recovering at a private hospital. Chinotimba helped orchestrate the infamous farm grabs that began in 2001. Police are investigating the cause of the accident.

¶9. Still No UNSC Response to Zim Crisis... In a UN Security

Council meeting on December 15, the UNSC reviewed a written report by The Elders and heard from UNSG Ban Ki-Moon on the continuing humanitarian crisis. South Africa and others blocked efforts by the U.S. and UK to ramp-up the UN response to the Zimbabwe crisis.

¶10. Cholera continues to ravage communities... The USG has pledged an additional US\$6.2 million and sent a disaster response team to Zimbabwe. Over three-quarters of the districts in the country are now affected by cholera. The ongoing epidemic has resulted in 20,896 suspected cases and 1,123 deaths since August, according to the United Nations. The World Health Organization continues to plan on a worst-case scenario of 60,000 cases. To date, more than 5% of those afflicted have died from the disease. See Harare 1129 and ¶1134.

¶11. Aussies roll out new sanctions... Australia added 75 new Zimbabweans to its financial and travel sanctions list this week. The list of names is not yet public. See Canberra 1285.

¶12. More Abductions and Journalists Threatened... Zimbabwean journalist Shadrack Andrisson Manyere was abducted on December 13 and is still missing. Lawyers petitioned the high court to order the police to investigate his whereabouts. Just hours after his abduction, police went to his home and took his computer. Police

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continue to deny holding him. The MDC published a list on Thursday of 30 abductees since October 29, with the most recent picked up on December 17. Post is working to confirm the details of these abductions. In a column on December 13, Nathaniel Manheru (the pen name of Mugabe's spokesman George Charamba) wrote a vitriolic article that threatened to expel journalists and accused several by name of working with an American "lady intelligence officer" - evidence of an alleged spying plot. See Harare 1121.

¶13. Tear Gas in the City... Riot police used tear gas to break up two protest marches this week in Harare. Tear gas was also used to break up a brawl at ZANU-PF headquarters in the wee hours of December 16 when a fight broke out between supporters of Mining Minister Amos Midzi and Deputy Transportation Minister Hubert Nyanhongo. The two were vying for ZANU-PF chairmanship for Harare Province. Nyanhongo won the contested election. See Harare 1132.

¶14. Passports Elusive, Pricey, Easy to Forge... With Zimbabwean passport fees skyrocketing (currently US \$650 for urgent processing), more and more are turning to illegal vendors to obtain the valued documents. See Harare 1133.

On the Economic and Business Front

¶15. Back to the Billions... Approximately five months after the Reserve Bank of Zimbabwe (RBZ) lopped 10 zeroes off its currency, the RBZ unveiled new one, five, and 10 billion Zimbabwean dollar notes on December 19. The new denominations followed an increase in cash withdrawal limits from Z\$500 million once a week to Z\$10 billion once a month when presenting a pay-slip. Economic analysts estimate that due to the 27 new denominations introduced in 2008, money supply growth could be nearing 500 million percent annually.

¶16. Stockbrokers Get Ultimatum... The Zimbabwean securities commission gave stockbrokers until December 19 to provide the government with audited statements of their net worth before allowing them to resume trading activities. Defaulting stockbrokers may be shut down or placed under judicial management. The Zimbabwe Stock Exchange has been closed for nearly three weeks following central bank allegations of rampant unfunded trading on the exchange.

¶17. \$900 Million Ought to Do It... Mishek Sibanda, chief secretary to President Mugabe, announced on December 16 that it would cost US \$900 million to revive Zimbabwe's battered manufacturing sector. The plan was crafted by a team of technocrats who estimated that even as capacity has fallen, current manufacturing utilization rates are only around 10 percent.

¶18. ZESA Exporting Electricity to Namibia? Namibian press reported that as part of a deal between Namibia's state-owned energy utility NamPower and Zimbabwean utility company ZESA, ZESA had increased its electricity exports to Namibia in August from 120 to 150 megawatts. The exports are in lieu of repaying a US \$40 million loan from NamPower to refurbish the Hwange plant.

¶19. ZINWA to Start Billing Some Customers in Forex... In a first for a state-owned utility, the water utility company ZINWA has been granted a license to bill export businesses and NGOs in foreign currency. Bills to non-exporting corporations and the mass consumer market will remain in Zimbabwe dollars. The license is intended to allow ZINWA to purchase essential supplies such as water treatment chemicals and repair pipes that leak as much as half of all pumped water.

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Quotes of the Week

¶20. "Just as I was being dragged to the UN Security Council to be put on the sanctions list, I was offered a job by the World Bank as senior vice president with the full blessings of none other than George Bush himself" - Gideon Gono, claiming that Ambassador McGee offered him the job during an August 2008 meeting, in his new book, Zimbabwe's Casino Economy: Extraordinary Measures for Extraordinary Challenges (available locally for a mere US\$42).

¶21. "The call for an election is an honest submission that ZANU-PF is an illegal regime, [and] the June 27 election was illegal. For the first time, we [applaud] ZANU-PF for acknowledging that they are not legitimate." - MDC Secretary General Tendai Biti on December ¶17.

DHANANI